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FSC-140-A

August 22, 1995

To All Region Managers

SUBJECT: FDA Action Plan

IMPORTANT! PLEASE DISTRIBUTE TO ALL FIELD SALES PERSONNEL.

The recent Presidential order to empower the FDA to propose rules to regulate the tobacco industry is the most serious threat our industry and Company have ever faced.

If President Clinton gets his way and the Food and Drug Administration (FDA) assumes control, the results could be devastating. Unchecked and unelected federal bureaucrats will be granted the power to dictate choices and behavior of more than 40 million adults who choose to smoke and control the fate of thousands of marketing, sales and support people who service a multi-billion dollar industry.

If the FDA is allowed to gain regulatory control over cigarettes, federal bureaucrats will ultimately have the power to ban the product from the marketplace.

With one stroke of Executive Authority, President Clinton has declared that federal bureaucrats have the power to dismantle an industry that has provided countless jobs and supplied a legal product to millions of Americans for over one hundred years.

This is big government at its worst! The six-hundred page edict could destroy the way we conduct business as we know it today. The FDA would have the power, unchecked by Congress, to do the following:

- Ban self-service displays, etc.
- Ban premium promotions which use brand identification.
- Ban all coupons sent through the mail.
- Allow only tombstone advertising on POS and other media.
- Require sales forces to police retailers regarding POS and signage.
- Ban vending machines.
- Ban the distribution of samples.

If the above items are adopted, they would dictate a greatly reduced role for field sales in the future. In addition, the FDA proposal would impact other facets of our marketing process:

- Restrict product trade names.
- Ban sponsorships.
- Require manufacturers to pay \$150 million per year for education campaigns with messages dictated by the FDA.
- All direct mail to homes would be tombstone.
- If within five years youth smoking has not declined by 50% of the 1993 level, additional measures would be taken.

SEE MESSAGE ON SECOND PAGE.

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We must meet this challenge by taking action to preserve our right to market a legal product and protect the marketplace from excessive government intervention. Specifically:

- Continue your efforts to combat underage smoking, primarily through retail awareness and effective enforcement of minimum age laws.
- Write, call or visit your members of congress. Have your friends and family join you. Now is a good time to visit members of congress while they are in their home districts on summer recess. (For more information on who the U.S. House or Senate members in your district or state are, call 1-800-333-8683.)
- Write the FDA. (The deadline for submission is November 9, 1995.) Submit written comments - one original and three copies - to:

Docket No. 95N-0253
Dockets Management Branch (HFA-305)
Food and Drug Administration, Room 1-23
12420 Parklawn Drive
Rockville, MD 20857

- Involve our retail and wholesale trade partners. **IMPORTANT!** FDA action packs should arrive at your office shortly for distribution to your larger accounts. Additional copies may be made as needed. (If you have not received your action packs, please call Gary Loser, extension #7507.)

It is vital that every member of the RJR sales team participates in this effort. I would like a progress report on how the effort is going. In the next few days, your AVP will be advising you on the procedure for reporting the results of this important action.

I know you join me along with millions of Americans who feel this action by the President is not the solution to reducing youth smoking. We do not need more big-government programs and oppressive intrusion in our lives and businesses to solve the problem. We know how to address the issue of underage smoking, working with our trade partners. So let's get out there and let the FDA and our elected officials know how we feel.

Sincerely,

Jim

Jim Maguire

* ENCLOSED ARE 3 COPIES OF THE ORIGINAL
FDA ACTION PACKS.

PLEASE ADVISE ME BY VOICE MAIL HOW
MANY ADDITIONAL PACKS YOU WILL NEED.

Gary

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